

OFFICE OF FISCAL ANALYSIS REPORT

January 7, 2005

You asked our office what the fiscal impact has been to municipalities as a result of the increases to the municipal real estate conveyance tax contained in Public Act 03-2 (as amended by Public Act 04-216).

Summary

Municipalities realized a total gain of approximately \$49.9 million in FY 04 as a result of the municipal real estate conveyance tax increases enacted by Public Act 03-2 (amended by Public Act 04-216). The table below shows the fiscal impact of (1) increasing the municipal tax rate in all towns from 0.11% to 0.25% (\$1.10 to \$2.50 per \$1,000 of value) and (2) allowing certain towns the option of adding 0.25% for a total rate of 0.50%.

Provision	FY 04 Impact
Increasing the rate to .25% in all towns	\$39.2 million
Allowing select towns the option of adding .25% (total rate of .50%)	10.7 million
Total Impact	\$49.9 million

The attached table shows the fiscal impact on individual towns.

Municipal Real Estate Conveyance Tax

In addition to the state real estate conveyance tax, sellers must pay a municipal real estate conveyance tax. Prior to March 15, 2003, the rate was 0.11% of the sale price regardless of the town where the property is located or the type of property (residential, non residential, unimproved land, or delinquent mortgage). But in 2003, Public Act 03-2 (1) temporarily increased the municipal tax rate in all towns to 0.25% and (2) temporarily gave 18 towns the option of adding 0.25% for a total rate of 0.50%.

The 18 towns authorized to adopt the higher rate are the targeted investment communities and a town that has a manufacturing plant that qualifies for enterprise zone benefits. As of November 2004, 16 of the 18 towns had elected to impose the additional 0.25%. The towns are Bloomfield, Bridgeport, Bristol, East Hartford, Groton, Hamden, Meriden, Middletown, New Britain, New London, Norwalk, Norwich, Southington, Waterbury, and Windham. The two towns that have not opted to increase their tax rates are New Haven and Stamford.

Under the 2003 law, the rate increases were scheduled to expire on July 1, 2004. But in 2004, Public Act 04-216 extended the temporary mandatory increase for one additional year, until July 1, 2005. Public Act 04-216 also made the optional higher rate in the 18 towns permanent. Thus, under current law, on July 1, 2005, the standard rate will drop from 0.25% to .11% and the rate for towns that adopted the higher rate will drop from 0.50% to 0.36%.

Methodology Used to Formulate the Fiscal Impact

The fiscal impact was calculated using data provided by the Department of Revenue Services on the number and total purchase price of all transactions in each town from July 1, 2003 and June 30, 2004 (FY 04). The benefit to each town was calculated by comparing the taxes generated pursuant to the new rate structure (either 0.25% or 0.50%) and the old rate (0.11%).

The estimates were calculated by, first calculating the impact increasing the tax rate in all towns to 0.25% and then calculating the impact for 16 towns that elected to increase their rate to 0.50%. The column labeled “**Revenue Increase For Mandatory 0.25% Tax**” shows the additional amount of revenue each town received as a result of increasing the rate from 0.11% to 0.25% and the column labeled “**Additional Revenue For Select Towns**” shows the amount of revenue each town received from electing to increase their rate by the additional 0.25% (total rate of 0.50%). The column labeled “**Total Benefit**” is the total increase for each town.

I trust this information is useful. Please contact me should you have any questions.

**Municipal Real Estate Conveyance Tax
July 1, 2003 Thru June 30, 2004**

Town	Total Tax Deeds	Total Purchase Price	Prior Law Municipal Tax (Mandatory 0.11%)	Current Law Municipal Tax (Mandatory 0.25%)	Revenue Increase For Mandatory 0.25% Tax (Current-Prior Law)	Additional Revenue For Select Towns (Additional 0.25% Tax)	Total Benefit
Andover	129	\$12,914,613	\$14,206	\$32,287	\$18,080		\$18,080
Ansonia	640	85,942,428	94,537	214,856	120,319		120,319
Ashford	206	20,807,804	22,889	52,020	29,131		29,131
Avon	946	278,799,566	306,680	696,999	390,319		390,319
Barkhamsted	133	18,620,547	20,483	46,551	26,069		26,069
Beacon Falls	217	54,495,016	59,945	136,238	76,293		76,293
Berlin	642	92,161,841	101,378	230,405	129,027		129,027
Bethany	196	37,430,342	41,173	93,576	52,402		52,402
Bethel	690	167,201,084	183,921	418,003	234,082		234,082
Bethlehem	131	20,087,412	22,096	50,219	28,122		28,122
Bloomfield	716	122,298,698	134,529	305,747	171,218	305,747	476,965
Bolton	164	19,315,381	21,247	48,288	27,042		27,042
Bozrah	80	8,443,546	9,288	21,109	11,821		11,821
Branford	1,275	228,224,152	251,047	570,560	319,514		319,514
Bridgeport	4,584	630,849,662	693,935	1,577,124	883,190	1,577,124	2,460,314
Bridgewater	65	21,912,900	24,104	54,782	30,678		30,678
Bristol **	2,293	260,194,400	286,214	650,486	364,272	154,068	518,340
Brookfield	696	209,227,910	230,151	523,070	292,919		292,919
Brooklyn	357	38,255,602	42,081	95,639	53,558		53,558
Burlington	373	67,544,491	74,299	168,861	94,562		94,562
Canaan	59	8,892,433	9,782	22,231	12,449		12,449
Canterbury	205	18,995,233	20,895	47,488	26,593		26,593
Canton	521	101,553,885	111,709	253,885	142,175		142,175
Chaplin	94	9,760,550	10,737	24,401	13,665		13,665
Cheshire	829	172,032,080	189,235	430,080	240,845		240,845
Chester	127	22,170,148	24,387	55,425	31,038		31,038
Clinton	634	118,441,146	130,285	296,103	165,818		165,818
Colchester	596	87,760,694	96,537	219,402	122,865		122,865
Colebrook	65	8,634,034	9,497	21,585	12,088		12,088
Columbia	248	36,748,729	40,424	91,872	51,448		51,448
Cornwall	137	17,697,261	19,467	44,243	24,776		24,776
Coventry	573	66,371,505	73,009	165,929	92,920		92,920
Cromwell	709	113,218,604	124,540	283,047	158,506		158,506
Danbury	2,583	602,893,438	663,183	1,507,234	844,051		844,051
Darien	767	659,460,054	725,406	1,648,650	923,244		923,244
Deep River	190	30,202,262	33,222	75,506	42,283		42,283

**Municipal Real Estate Conveyance Tax
July 1, 2003 Thru June 30, 2004**

Town	Total Tax Deeds	Total Purchase Price	Prior Law Municipal Tax (Mandatory 0.11%)	Current Law Municipal Tax (Mandatory 0.25%)	Revenue Increase For Mandatory 0.25% Tax (Current-Prior Law)	Additional Revenue For Select Towns (Additional 0.25% Tax)	Total Benefit
Derby	502	68,724,167	75,597	171,810	96,214		96,214
Durham	257	49,706,215	54,677	124,266	69,589		69,589
Eastford	82	7,003,163	7,703	17,508	9,804		9,804
East Granby	174	31,714,663	34,886	79,287	44,401		44,401
East Haddam	447	57,165,501	62,882	142,914	80,032		80,032
East Hampton	680	103,425,381	113,768	258,563	144,796		144,796
East Hartford	1,514	168,005,425	184,806	420,014	235,208	420,014	655,221
East Haven	1,142	149,083,373	163,992	372,708	208,717		208,717
East Lyme	886	171,690,087	188,859	429,225	240,366		240,366
Easton	296	113,164,180	124,481	282,910	158,430		158,430
East Windsor	453	59,344,598	65,279	148,361	83,082		83,082
Ellington	528	77,269,317	84,996	193,173	108,177		108,177
Enfield	1,341	189,061,858	207,968	472,655	264,687		264,687
Essex	308	73,521,900	80,874	183,805	102,931		102,931
Fairfield	2,043	929,635,724	1,022,599	2,324,089	1,301,490		1,301,490
Farmington	1,063	235,332,125	258,865	588,330	329,465		329,465
Franklin	86	8,963,768	9,860	22,409	12,549		12,549
Glastonbury	1,262	326,403,266	359,044	816,008	456,965		456,965
Goshen	211	42,323,374	46,556	105,808	59,253		59,253
Granby	426	80,414,000	88,455	201,035	112,580		112,580
Greenwich	2,039	2,309,572,406	2,540,530	5,773,931	3,233,401		3,233,401
Griswold	515	50,712,583	55,784	126,781	70,998		70,998
Groton	1,198	206,203,330	226,824	515,508	288,685	515,508	804,193
Guilford	947	218,765,093	240,642	546,913	306,271		306,271
Haddam	307	48,544,079	53,398	121,360	67,962		67,962
Hamden	1,851	268,784,528	295,663	671,961	376,298	671,961	1,048,260
Hampton	79	8,528,392	9,381	21,321	11,940		11,940
Hartford	2,436	369,922,733	406,915	924,807	517,892	924,807	1,442,699
Hartland	81	8,621,250	9,483	21,553	12,070		12,070
Harwinton	234	26,913,171	29,604	67,283	37,678		37,678
Hebron	387	71,971,245	79,168	179,928	100,760		100,760
Kent	147	40,122,242	44,134	100,306	56,171		56,171
Killingly	818	89,579,619	98,538	223,949	125,411		125,411
Killingworth	252	55,027,874	60,531	137,570	77,039		77,039
Lebanon	383	33,309,935	36,641	83,275	46,634		46,634
Ledyard	716	102,318,579	112,550	255,796	143,246		143,246

**Municipal Real Estate Conveyance Tax
July 1, 2003 Thru June 30, 2004**

Town	Total Tax Deeds	Total Purchase Price	Prior Law Municipal Tax (Mandatory 0.11%)	Current Law Municipal Tax (Mandatory 0.25%)	Revenue Increase For Mandatory 0.25% Tax (Current-Prior Law)	Additional Revenue For Select Towns (Additional 0.25% Tax)	Total Benefit
Lisbon	202	18,579,737	20,438	46,449	26,012		26,012
Litchfield	369	72,327,910	79,561	180,820	101,259		101,259
Lyme	124	28,329,924	31,163	70,825	39,662		39,662
Madison	675	208,765,947	229,643	521,915	292,272		292,272
Manchester	1,771	259,530,055	285,483	648,825	363,342		363,342
Mansfield	422	52,039,197	57,243	130,098	72,855		72,855
Marlborough	246	50,721,531	55,794	126,804	71,010		71,010
Meriden	2,249	247,959,609	272,756	619,899	347,143	619,899	967,042
Middlebury	294	84,219,067	92,641	210,548	117,907		117,907
Middlefield	140	16,636,439	18,300	41,591	23,291		23,291
Middletown	1,527	217,572,728	239,330	543,932	304,602	543,932	848,534
Milford	2,022	425,258,283	467,784	1,063,146	595,362		595,362
Monroe	599	167,384,832	184,123	418,462	234,339		234,339
Montville	820	109,222,035	120,144	273,055	152,911		152,911
Morris	130	20,455,209	22,501	51,138	28,637		28,637
Naugatuck	1,201	139,085,115	152,994	347,713	194,719		194,719
New Britain **	2,070	257,617,888	283,380	644,045	360,665	219,888	580,553
New Canaan	839	800,176,157	880,194	2,000,440	1,120,247		1,120,247
New Fairfield	542	129,972,636	142,970	324,932	181,962		181,962
New Hartford	301	42,417,624	46,659	106,044	59,385		59,385
New Haven	3,314	448,861,165	493,747	1,122,153	628,406	0	628,406
Newington	1,026	164,708,485	181,179	411,771	230,592		230,592
New London	836	98,655,668	108,521	246,639	138,118	246,639	384,757
New Milford	1,431	298,612,876	328,474	746,532	418,058		418,058
Newtown	1,141	353,012,572	388,314	882,531	494,218		494,218
Norfolk	84	14,074,653	15,482	35,187	19,705		19,705
North Branford	453	68,784,370	75,663	171,961	96,298		96,298
North Canaan	133	13,404,892	14,745	33,512	18,767		18,767
North Haven	781	184,921,723	203,414	462,304	258,890		258,890
North Stonington	254	40,062,416	44,069	100,156	56,087		56,087
Norwalk	3,027	1,079,064,748	1,186,971	2,697,662	1,510,691	2,697,662	4,208,353
Norwich	1,444	164,117,026	180,529	410,293	229,764	410,293	640,056
Old Lyme	470	89,913,111	98,904	224,783	125,878		125,878
Old Saybrook	596	134,520,669	147,973	336,302	188,329		188,329
Orange	467	138,963,032	152,859	347,408	194,548		194,548
Oxford	532	126,105,801	138,716	315,265	176,548		176,548

**Municipal Real Estate Conveyance Tax
July 1, 2003 Thru June 30, 2004**

Town	Total Tax Deeds	Total Purchase Price	Prior Law Municipal Tax (Mandatory 0.11%)	Current Law Municipal Tax (Mandatory 0.25%)	Revenue Increase For Mandatory 0.25% Tax (Current-Prior Law)	Additional Revenue For Select Towns (Additional 0.25% Tax)	Total Benefit
Plainfield	733	90,498,674	99,549	226,247	126,698		126,698
Plainville	734	77,907,245	85,698	194,768	109,070		109,070
Plymouth	512	49,677,574	54,645	124,194	69,549		69,549
Pomfret	169	24,282,366	26,711	60,706	33,995		33,995
Portland	347	52,243,580	57,468	130,609	73,141		73,141
Preston	213	24,751,321	27,226	61,878	34,652		34,652
Prospect	282	41,825,699	46,008	104,564	58,556		58,556
Putnam	347	43,811,841	48,193	109,530	61,337		61,337
Redding	340	140,895,202	154,985	352,238	197,253		197,253
Ridgefield	1,043	536,483,449	590,132	1,341,209	751,077		751,077
Rocky Hill	666	127,631,317	140,394	319,078	178,684		178,684
Roxbury	124	58,505,254	64,356	146,263	81,907		81,907
Salem	267	37,342,804	41,077	93,357	52,280		52,280
Salisbury	238	58,832,559	64,716	147,081	82,366		82,366
Scotland	74	5,539,025	6,093	13,848	7,755		7,755
Seymour	605	95,422,695	104,965	238,557	133,592		133,592
Sharon	196	35,245,850	38,770	88,115	49,344		49,344
Shelton	1,343	343,511,456	377,863	858,779	480,916		480,916
Sherman	183	53,652,213	59,017	134,131	75,113		75,113
Simsbury	835	192,616,278	211,878	481,541	269,663		269,663
Somers	270	43,478,003	47,826	108,695	60,869		60,869
Southbury	973	217,283,891	239,012	543,210	304,197		304,197
Southington **	1,510	227,311,095	250,042	568,278	318,236	248,707	566,942
South Windsor	952	155,219,224	170,741	388,048	217,307		217,307
Sprague	109	10,698,543	11,768	26,746	14,978		14,978
Stafford	582	47,123,589	51,836	117,809	65,973		65,973
Stamford	3,921	1,585,718,381	1,744,290	3,964,296	2,220,006	0	2,220,006
Sterling	204	23,107,868	25,419	57,770	32,351		32,351
Stonington	876	193,710,729	213,082	484,277	271,195		271,195
Stratford	1,914	325,544,120	358,099	813,860	455,762		455,762
Suffield	527	91,036,243	100,140	227,591	127,451		127,451
Thomaston	279	32,085,738	35,294	80,214	44,920		44,920
Thompson	395	40,092,930	44,102	100,232	56,130		56,130
Tolland	539	101,742,408	111,917	254,356	142,439		142,439
Torrington	1,585	179,715,499	197,687	449,289	251,602		251,602
Trumbull	1,101	344,568,921	379,026	861,422	482,396		482,396

**Municipal Real Estate Conveyance Tax
July 1, 2003 Thru June 30, 2004**

Town	Total Tax Deeds	Total Purchase Price	Prior Law Municipal Tax (Mandatory 0.11%)	Current Law Municipal Tax (Mandatory 0.25%)	Revenue Increase For Mandatory 0.25% Tax (Current-Prior Law)	Additional Revenue For Select Towns (Additional 0.25% Tax)	Total Benefit
Union	47	5,539,808	6,094	13,850	7,756		7,756
Vernon	878	126,688,543	139,357	316,721	177,364		177,364
Voluntown	135	14,362,641	15,799	35,907	20,108		20,108
Wallingford	1,410	252,734,984	278,008	631,837	353,829		353,829
Warren	109	19,869,280	21,856	49,673	27,817		27,817
Washington	218	101,472,350	111,620	253,681	142,061		142,061
Waterbury	3,965	393,045,854	432,350	982,615	550,264	982,615	1,532,879
Waterford	823	183,390,471	201,730	458,476	256,747		256,747
Watertown	754	103,607,512	113,968	259,019	145,051		145,051
Westbrook	602	74,584,436	82,043	186,461	104,418		104,418
West Hartford	2,108	424,814,256	467,296	1,062,036	594,740		594,740
West Haven	1,715	213,236,378	234,560	533,091	298,531		298,531
Weston	442	241,313,062	265,444	603,283	337,838		337,838
Westport	1,170	847,403,688	932,144	2,118,509	1,186,365		1,186,365
Wethersfield	891	143,951,891	158,347	359,880	201,533		201,533
Willington	186	22,400,408	24,640	56,001	31,361		31,361
Wilton	664	377,738,454	415,512	944,346	528,834		528,834
Winchester	503	51,989,596	57,189	129,974	72,785		72,785
Windham	606	56,977,532	62,675	142,444	79,769	142,444	222,212
Windsor	1,006	147,020,193	161,722	367,550	205,828		205,828
Windsor Locks	484	82,921,515	91,214	207,304	116,090		116,090
Wolcott	633	82,889,951	91,179	207,225	116,046		116,046
Woodbridge	346	92,018,197	101,220	230,045	128,825		128,825
Woodbury	437	105,001,097	115,501	262,503	147,002		147,002
Woodstock	381	44,883,761	49,372	112,209	62,837		62,837
No Town Name	18	1,785,200	1,964	4,463	2,499		2,499
Total	127,012	\$28,007,218,363	\$30,807,940	\$70,018,046	\$39,210,106	\$10,681,306	\$49,891,412

** Bristol, New Britain, and Southington all elected to impose the optional additional 0.25% during FY 04. Therefore, their figures reflect only a partial year effect from increasing their tax rate. Each town's rate was increased from 0.25% to 0.50% based on the following schedule: Bristol, 4/1/04; New Britain, 2/17/04; Southington, 3/1/04.